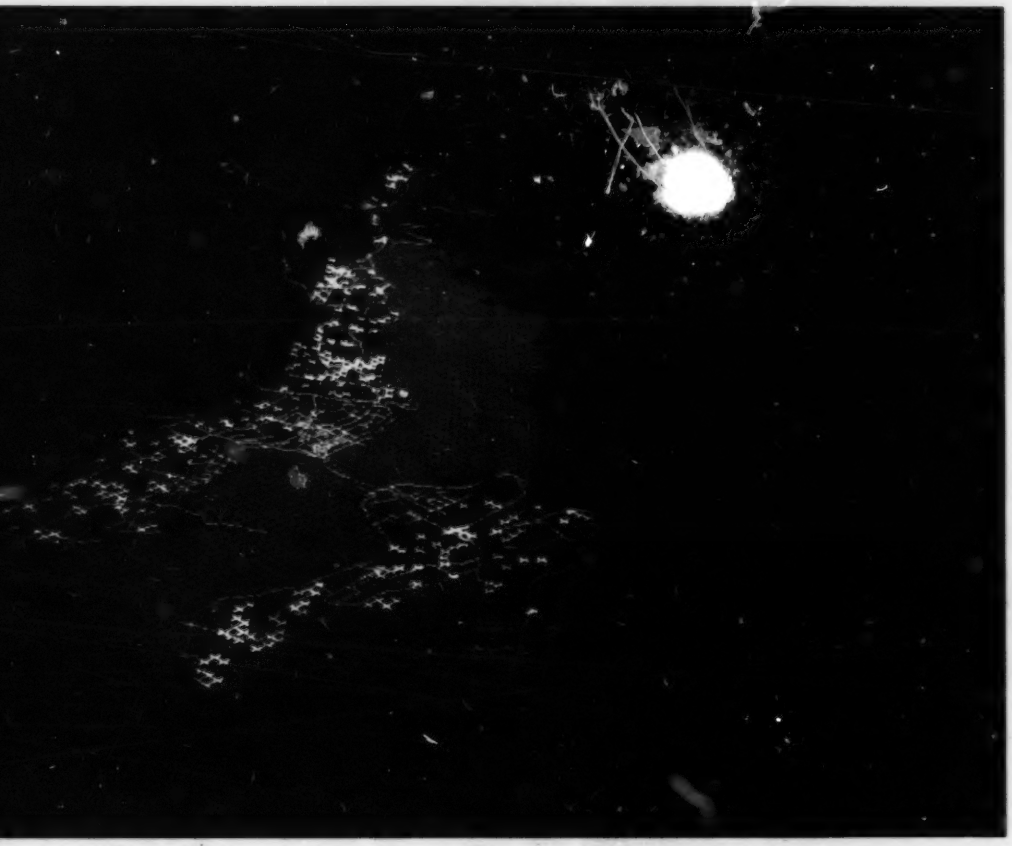
ANNUAL REPORT
1991-92



Province of
British Columbia

OKANAGAN VALLEY
TREE FRUIT AUTHORITY
A British Columbia Crown Corporation

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Cover photo: Perspective view of the Osoyoos area (looking from the south-east) generated by the Authority's geographic information system. The orchard areas are displayed on the model with apples in green, peaches in orange, cherries in red, apricots and nectarines in yellow, and plums and prunes in purple. The lake and surrounding creeks and rivers are displayed in blue. The light greyish-blue lines are roads.

Letter of Transmittal

Victoria, British Columbia
June 29, 1992

To His Honour David C. Lam
Lieutenant-Governor of the Province of British Columbia

Sir:

I have the honour to submit herewith the annual report of the Okanagan Valley Tree Fruit Authority for the fiscal year ended March 31, 1992, including the audited financial statements for the Authority.

Respectfully submitted,

Bill Barlee

Honourable Bill Barlee
Minister Responsible for the
Okanagan Valley Tree Fruit Authority

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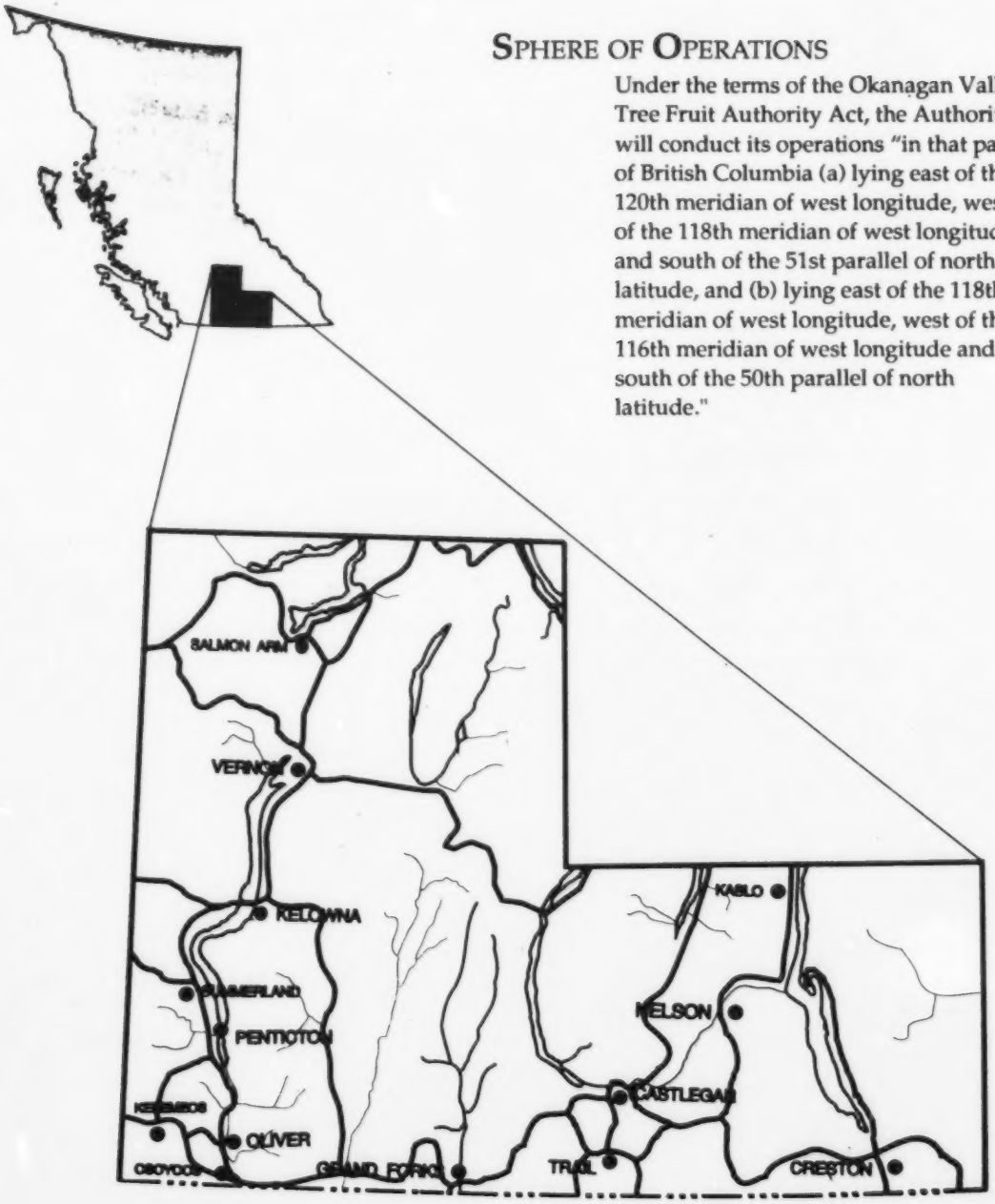
■ Okanagan Valley Tree Fruit Authority



SPHERE OF OPERATIONS

Under the terms of the Okanagan Valley Tree Fruit Authority Act, the Authority will conduct its operations "in that part of British Columbia (a) lying east of the 120th meridian of west longitude, west of the 118th meridian of west longitude and south of the 51st parallel of north latitude, and (b) lying east of the 118th meridian of west longitude, west of the 116th meridian of west longitude and south of the 50th parallel of north latitude."

Okanagan Valley Tree Fruit Authority — A Profile

The Okanagan Valley Tree Fruit Authority (OVTFA) is dedicated to the revitalization of the Interior tree fruit industry. It was established on July 26, 1990 with passage of the *Okanagan Valley Tree Fruit Authority Act* and will cease to exist when the Act is repealed on December 31, 2000. The corporation's headquarters in Summerland at the Agriculture Canada Research Station place it near the centre of its sphere of operations.

Tree fruit production has been a significant part of the Interior agricultural industry for over fifty years and has contributed much to the economy and quality of life of local communities. Approximately 7500 people are employed on farms, in packing houses, and in assorted supply services with another 1000 in seasonal work during harvest. In recent years, the industry has had tremendous pressures placed on it — low returns, in some cases below the cost of production, increased foreign competition, and rapid urban encroachment on orchard land.

The OVTFA is an integral part of a cooperative effort among industry stakeholders (orchardists, farm workers, packers, processors, and marketing agencies) federal and Provincial government, and communities in the Interior. These groups are committed to the environmentally sustainable revitalization of the Interior tree fruit industry.

OVTFA Mission

To enable and encourage orchardists to revitalize the tree fruit industry to achieve increased efficiency, profitability and diversification.

■ Message From the Chair

Building partnerships through consultations with Interior tree fruit industry stakeholders is a commitment at the Okanagan Valley Tree Fruit Authority. In 1991-92, the OVTFA fulfilled this promise.

The report of the Tree Fruit Industry Revitalization Committee is the product of extensive consultation by the OVTFA with all sectors of the industry. It also demonstrates how solutions can be generated when committed individuals and organizations combine their talents. The success of this consultative process augers well for the challenging years ahead.

In 1991-92, the OVTFA also built liaisons with many other industry stakeholders and interested observers. Discussions with numerous groups including the Agricultural Land Commission, Regional Districts, and municipal governments, have fostered increased understanding of the tree fruit industry and the challenges it faces. In addition, the Authority has benefited from the ideas and support of these organizations.

1991-92 has been a year of progress on a number of programs. Completion of the orchard survey was one very important milestone. In addition, the OVTFA improved growers' access to marketing information and funded a number of applied research and development projects.

Our most important achievement this year has been our part in changing the industry's attitude from one of "doesn't need changing", "can't be done", or, "it won't work" to one of "where can we get help to do it and how can we do it better and faster". For many of our tree fruit growers, the crop years of 1990 and 1991 have shown that excellence can be very rewarding. We hope to spread that spirit throughout the entire industry.

In the last month of the fiscal year 1991-92, a new Board of Directors was appointed. I look forward to working with these creative and dedicated individuals. At the same time, I wish to express my appreciation to members of the previous Board of Directors for their dedicated work and to the staff of the OVTFA for their efforts on behalf of the Interior tree fruit industry.

Robert F. Dawson

Robert Dawson
Chair

■ President's Message

Building a strong foundation through industry consultation, data gathering, and program planning continued to be central to the OVTFA's work in 1991-92.

The "Tree Fruit Industry Proposed Revitalization Strategy" developed by the Tree Fruit Industry Revitalization Committee was the major accomplishment of 1991-92. This document will serve as a planning roadmap for the OVTFA. It already is the foundation of the Authority's Corporate Plan. For industry, the report will be a means of measuring the progress of the OVTFA.

The completion of the orchard survey and the subsequent compiling of the data in the OVTFA's new Geographic Information System has also been a significant achievement. For the first time, solid baseline data on the industry are now available, and accessible. This information will prove invaluable in future planning and program management. The willingness of industry to participate in this research was essential to the success of the project.

The Orchard Replant Assistance Program has been, and continues to be, an important form of assistance to innovative orchardists. Planning and industry consultation previously underway on other programs continued in 1991-92, such as the program to assist growers wishing to enter or leave the industry.

The Authority's hiring of a highly skilled horticultural technician last year provided growers with an opportunity to enhance their skills and to learn the new techniques for managing higher density plantings. The OVTFA has continued its funding of numerous applied research and development projects that are yielding important results.

We look forward to working with our new Board of Directors and our industry, government and community partners to carry out the OVTFA's strategic priorities. I also want to express my appreciation to the staff of the OVTFA for their dedicated contribution.

J.T.R. (Ross) Husdon
President/Chief Executive Officer

Board of Directors

Rob Dawson
Chair

Sue Austen

Lorraine Bennest

Jose Cardoso

Joyce Ganong

Allen Hoag

Wendy Holm

John Kitson

Lakhmer Klar

Doug Townsend

Jack Willson

Joan Wilson

Major Accomplishments 1991-92

OVTFA Strategic Priorities

The OVTFA's strategic priorities, **Orchard Renovation, Financial Security, Market Opportunities, Stakeholder Enhancement, and Land Use**, flow from the "Tree Fruit Industry Proposed Revitalization Strategy," a December 1991 report of the Tree Fruit Industry Revitalization Committee. The convening of this group and the writing of this document was a major consultative initiative of the OVTFA with all sectors of the tree fruit industry in 1991.

The following pages cover the main accomplishments of the OVTFA for the fiscal year 1991-92.

Orchard Renovation

Goal: Market responsive orchards which maximize returns for the grower.

Replant Programs

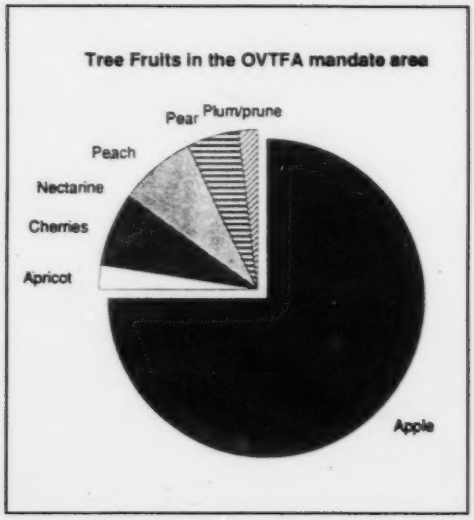
The main program for orchard renovation was the Orchard Replant Program. This was funded jointly by the federal and Provincial governments for a total of $4 million.

The Orchard Replant Program is designed to help British Columbia tree fruit growers within the Authority's mandate area to renovate their orchards as a basic ingredient in the revitalization of the industry and the improvement of orchardists' long-term profitability. Applicants could be eligible for grants of up to $7500 per ha replanted; an additional $.50 per tree was available this year under the Program to growers who installed irrigation systems compatible with or incorporating fertigation equipment.

During the fiscal year 1991-92, approximately 300 growers applied for assistance to replant just over 283 ha (700 ac). The program included soft fruits as well as apples and pears.

Orchard Land Survey

In late 1991, the OVTFA completed a survey of all commercial orchards and their managers. This survey, consisting of both written forms and on-farm visits, was carried out to gain baseline data on the orchards in the Authority's mandate area. Biophysical data of the same area were integrated with the survey data and included factors such as soil types, elevations and aspects, and climatic conditions. These data will be of great value in helping growers make decisions on replanting and land use.



The biophysical and orchard survey data were entered in a comprehensive Geographic Information System (GIS). The GIS allows users to gain access to complex information on numerous aspects of the orchard land covered, from the whole Valley to individual parcels in a single orchard. This information will be used in many industry planning exercises and program decisions involving the industry.

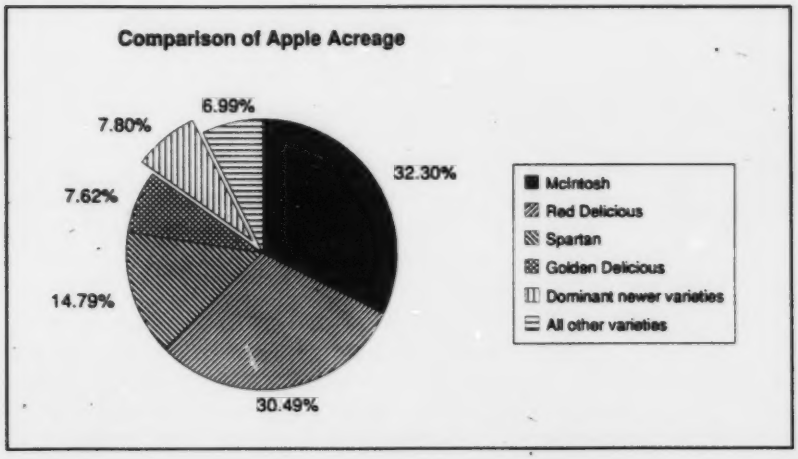
Creston Tree Fruit Industry

Because of the particular biogeophysical and social conditions in the Creston orchard region, the area was singled out for particular attention in 1991-92. At the request of growers there, the OVTFA funded a Creston Development Plan study which covered a wide range of issues from the climatic conditions in the Creston area to the market situation and the demographics of the orchardists. A consulting group carried out the study, which involved extensive material gathered from the Creston growers. Their report was released in late March and will be the basis for a number of OVTFA activities in 1992-93.

As part of the revitalization of the Creston orchard industry, the OVTFA, the Ministry of Agriculture, Fisheries and Food (BCMAFF), and industry representatives are examining the potential for commercial cherry production. For years, the Creston area was a prime cherry producer, but the Little Cherry Disease ruined the commercial industry. The discussions cover all aspects of cherry production and marketing and have already elicited significant interest from more than a dozen growers.

New Variety Introduction

The competitiveness of the tree fruit industry in British Columbia depends on its ability to change varieties quickly with changes in market conditions. Early in the year, the Authority conducted a survey of British Columbia nurseries growing rootstock and young trees for commercial orchardists to determine what varieties and what numbers of trees will be available in the next three to five years from local suppliers. Information from this survey will guide nurseries in making decisions about what varieties and numbers of trees to produce for future years.



A second very important factor in allowing growers to adapt quickly to changing market requirements is the ease with which new varieties can be introduced into the Province for commercial use. With this in mind, the Authority initiated an examination of the need for and possible structure of an agency to facilitate new variety introduction. The BCFGA Test Orchard, the Budwood Orchard, other industry agencies, and Agriculture Canada are participating in this review.

Technical Training for Growers

The change from older to newer varieties and from low-density to high-density plantings has made it necessary for many growers to refine their skills or learn new ones. To assist them in this learning process, the Authority hired a horticultural technician with intensive training in high-density fruit tree management in a number of countries to

provide interested growers with on-farm instruction in training and pruning of young trees. In collaboration with BCMAFF and industry, the technician also produced a handbook for growers on overall management of the slender spindle apple tree grown in high-density plantings.

Another aid for orchardists considering replanting was the *Variety Selection Handbook*. This Handbook lists all tree fruit varieties commonly available in the Interior and discusses a number of factors to be considered in replant decisions: climate and soils, horticultural requirements, post-harvest handling, world supplies, market demand and structure, available knowledge, and rootstocks.

■ Financial Security

Goal: Restructured financial security programs that provide transitional assistance during industry revitalization and long-term income stabilization.

Financial security for growers is an essential part of the long-term revitalization of the tree fruit industry. Early in 1991-92, the Authority spearheaded discussions with federal and Provincial government officials and industry on the development of effective income stabilization programs.

■ Market Initiatives

Goal: An informed and aggressive industry that maximizes grower returns from marketplace opportunities.

Market Information Access

In 1991, a popular market information service was introduced. Via a 1-800 line, market quotations from British Columbia and the western United States were available, first for soft fruits and then for apples and pears. In the first month, over 1000 people used this service.

As an adjunct to this service, the Authority began early in 1992 to provide weekly market reports to local radio stations and newspapers. These reports continued until the end of November.

Plans for a global market database have been completed and will be implemented during the fiscal year 1992-93. This will provide information to growers to help them decide which varieties have the best market potential.

Early in 1992, the Authority sponsored a two-day course on marketing factors, opportunities, and strategies. The course was developed specifically for orchardists, but will be presented to other grower groups as well during 1992-93.

"State-of-the-Industry" Profiles

The Authority published a comprehensive summary of results from the tree fruit sector profiles, the product of extensive consultation with growers and industry people. The profiles cover the overall strengths and weaknesses of each sector with emphasis on those affecting successful marketing of the commodity in question. The summary has been distributed widely and will be used in planning revitalization strategies for each sector.

Import/Export Fact Finding

In April 1991, a trade mission from the British Columbia tree fruit industry travelled to New Zealand to examine the marketing successes of that country's pipfruit industry. The mission was organized by the British Columbia Trade Development Corporation and included representatives from growers' associations, orchardists, BCMAFF, and the OVTFA. A report and video were produced subsequently for those interested in this topic.

Proposed Apple Marketing Agency

In light of the complex and controversial nature of the proposed Canadian apple marketing agency, the Authority commissioned a study on its implications for British Columbia. The report focused on the architecture of the proposed plan and on the trade implications for the Provincial apple industry. An Overview of the discussion paper has been distributed to the tree fruit industry.

Soft Fruit Industry

In February 1992, the Authority began discussions with the BCFGA on an industry resolution to give priority to revitalizing the soft fruit industry. Action on this important matter will be taken during 1992-93.

■ Land Use

Goal: A resource base capable of sustaining a revitalized industry which is compatible with provincial and community land use goals.

Agricultural Land Commission

An important liaison was established with the Agricultural Land Commission (ALC). This has helped the Authority to understand the concerns of stakeholders and to explore opportunities of mutual interest.

Geographical Information System

The completion of the orchard survey and its incorporation with the biophysical data inventory for the mandate area of the Authority into the interactive GIS process will be of tremendous assistance to all industry stakeholders, including communities and the ALC. Such decisions can be made on less complex issues, such as would be the case of the grower who needs better information on the suitability of a particular kind or variety of fruit tree, or on far-reaching problems, such as applications for removal of land from the Reserve.

Agroecosystem Report

A report was completed which examined the impact of tne tree fruit industry in the Okanagan-Similkameen on the region's natural ecosystem. It also discussed possible short and long-term approaches to harmonizing this manmade 'agroecosystem' with the natural environment for the betterment of both.

■ Stakeholder Enhancement

Goal: Knowledgeable and motivated stakeholders prepared to meet the challenges of a rapidly changing industry.

Skills Enhancement

The following aids for growers have been developed in conjunction with BCMAFF staff and industry field service people.

Two extensive surveys of a broad cross-section of industry people were conducted to obtain information on growers' needs for enhanced education and skills. The results of

these surveys are being used as the basis for developing formal programs, such as through the education system, and less structured programs such as workshops, video and published materials, field days, and on-farm training.

Videos which are now available for skills enhancement include apple picking techniques for pickers, pruning and training of slender spindle, high-density apple trees, improved pollination methods, and Farm Business Challenges. A seminar also was developed on replanting orchards and held in a number of communities.

Financial Planning Aids for Growers

Realistic financial information is essential if orchardists are to make appropriate replant decisions. To help growers do so, farm management staff of BCMAFF and the Authority developed the Agricultural Decision Assistance Module (ADAM) and Budget Boss. Both these computer tools were developed with considerable input from growers. These interactive computer modules allow growers to correlate information on many factors all designed to aid them in making financial and replant decisions.

A cashflow workbook was also developed to aid growers in making decisions about orchard replanting and management.

Information Gathering

As a means of acquiring greater understanding of the tree fruit industry here and in other places, the Authority sponsored a number of trips for industry people, its own staff, and representatives of the BCMAFF. These included the previously mentioned trade mission to New Zealand, of which a report and video have been produced, attendance at the Washington State and the British Columbia Horticultural Forum and the Cherry Seminar in Creston, and travel to the International Dwarf Fruit Tree Association conference held in Niagara Falls, New York with field trips to Ontario's Niagara region and the Ontario Food Terminal in Toronto.

In addition to these trips, the Authority sponsored individuals to travel on fact-gathering missions to the Netherlands.

■ COMMUNICATIONS

Goal: Stakeholders and OVTFA have a mutual understanding and commitment to industry revitalization.

In the spring of 1992, a Strategic Communications Plan was initiated to ensure that stakeholders were informed of programs and plans of the Authority and to involve them in the decision-making process. The following is a summary of work undertaken in 1991-92 with each of the OVTFA's target groups for communications.

Growers and Other Industry Individuals and Groups

The Authority has sponsored and published over the past fiscal year a large body of communications tools designed to provide individuals and groups with useful material. Many of these have been noted earlier and include: seminars on pollination, marketing, and cherry-growing potential in the Creston area; consultation meetings on tree fruit sector profiles, the Creston tree fruit industry, and the development of a revitalization strategy; industry surveys on orchards and orchardists and on education and skills enhancement needs; published material such as the *Variety Selection Handbook, Pruning and Tree Training Techniques for High Density Slender Spindle Orchards,* "Fruit Facts" factsheets, "Tree Fruit News" newsletter, and the *Creston Development Plan;* videos on picking apples and on a tree fruit trade mission to New Zealand; and the marketing information telephone line and weekly summaries for radio and newspapers.

During the past fiscal year, the OVTFA has published three issues of a newsletter "Tree Fruit News". This is directed primarily to tree fruit industry people with the aim of keeping them informed of Authority-sponsored programs, projects, and published materials. The newsletter is mailed directly to over 2500 growers, industry organizations, and other individuals and agencies involved with the industry.

A number of reports on applied research and development were published by the Authority during the past fiscal year. "Multiple Picking of McIntosh Apples" and "Pre-harvest Orchard Cleanup" discussed the benefits and disadvantages of these two approaches to orchard management. Two issues of "Fruit Facts" discussed the possible opportunities for British Columbia growers to access niche markets with red pear and white-fleshed peach varieties.

Government and Individuals Within Government

The OVTFA has from the beginning emphasized close and regular communication with federal and Provincial government bodies and individuals involved with the various aspects of the tree fruit industry in British Columbia. They receive all OVTFA material such as press releases, newsletters, and policy and program information. They also receive a monthly update on OVTFA activities and programs.

Direct communication with these bodies and individuals is fostered and maintained in consultative meetings and processes on policies, strategies, and programs. This has resulted in crucial partnership arrangements, among them the Sterile Insect Release Program and the Orchard Replant Program. The GIS is another example, having been planned with due regard to the needs of agencies such as the Agricultural Land Commission.

General Public

As noted throughout this *Annual Report*, the Authority maintains communication with the general public concerning its programs and projects. It does this through press releases, general interest newspaper articles, and radio and television ads and interviews.

Media

The media, in particular within the OVTFA's mandate area, have been kept informed of the Authority's activities regularly through press releases, interviews with the President and program managers, and press conferences. In 1991-92, more than a dozen press releases were issued.

■ Information Services

Goal: Practical, timely and effective application of information services technology in support of the mission.

(See also earlier information on orchard survey, biophysical survey, and GIS)

Like so many other organizations in the 1990's, the success of the OVTFA depends upon the use of information technology. This is especially true for the tree fruit industry because of the complexity of the issues and the number of stakeholders and stakeholder organizations involved. As we observed earlier in regard to the GIS, the OVTFA has made a conscious effort to use information technology in partnership with industry.

■ Research and Development

Goal: Coordinated and effective research and development applications that are targeted at technological and management solutions for the achievement of the OVTFA's mission.

Research and Demonstration Projects

Applied research and demonstration projects funded by the OVTFA include the application of integrated pest management techniques, the feasibility of super high density apple plantings, improvement of fertigation methods, the effects of deficit irrigation, and management of home nurseries.

Sterile Insect Release Program

In January 1992, the Honourable Bill Barlee announced that Provincial funding would be available for construction of a Sterile Insect Release facility in Osoyoos. The OVTFA was named the agency responsible for administering the Provincial funding of this important approach to eradicating the codling moth.

■ Management Services and Administration

Goal: Financial, personnel and administrative support services that enable the OVTFA to achieve its mission.

Program Administration

During 1991-92, the administrative organization and planning requirements of the OVTFA were consolidated. A number of programs of critical importance to the future of the tree fruit industry were put in place which the Authority will administer, for example the Federal Special Assistance Measures (FSAM), and the Provincial funding component of the Sterile Insect Release (SIR) program.

Cost-Sharing Development Process

The Authority established a process for discussion and development of long-term cost-sharing arrangements to support revitalization programs. The British Columbia Fruit Growers Association (BCFGA), Okanagan Federated Shippers Association (OPSA), Okanagan Fruit Producers and Shippers Association (OFPSA), and the British Columbia Tree Fruit Marketing Board (BCTFMB) represented the industry in these talks.

The committee structure, including sub-committees and terms of reference, was established. Four working committees, Human Resources, Orchard Renovation, Financial Security, and Industry Development, completed reports by the end of the fiscal year. The Steering Committee also developed a framework for an agreement between the two governments.

Contract Policies and Procedures

The Authority relies to a large extent on contracts for carrying out projects rather than on hiring full-time staff members. This is a cost-effective and productive approach, and the OVTFA has developed appropriate policies and procedures for contracts that ensure an efficient and fiscally responsible operation.

■ Financial Statements and Expenditure Analysis

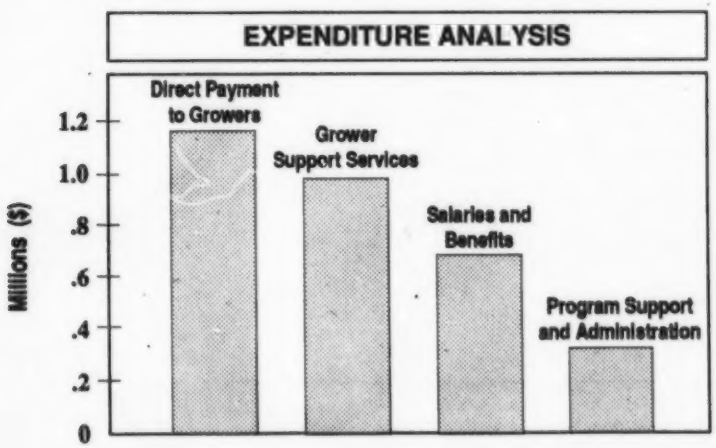
The following graph indicates expenditure analysis by major cost category for the fiscal year 1991-92.

Direct Payment to Growers includes expenditures under programmes such as the orchard replant programme.

Grower Support Services indicates expenditures in such categories as research and development projects, market information systems, training and skill enhancement and the development of the geographic information system.

Salaries and Benefits includes expenditures for the resources required to support grower and other programmes as well as for administration personnel. Programme support includes provision of technical horticultural expertise in training of high density plantings, land project leaders and other services.

Programme Support and Administration covers the costs of maintaining the Corporate office, capital acquisitions and other expenditures such as the Board of Directors costs.



OKANAGAN VALLEY TREE FRUIT AUTHORITY

FINANCIAL STATEMENTS

March 31, 1992

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STATEMENT B - Statement of Revenue and Expenditure

STATEMENT C - Statement of Changes in Financial Position

NOTES TO FINANCIAL STATEMENTS

AUDITORS' REPORT

To the Directors of the Okanagan Valley Tree Fruit Authority:

We have audited the balance sheet of the Okanagan Valley Tree Fruit Authority as at March 31, 1992, and the statements of revenue and expenditure and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 1992 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

We express no opinion on the unaudited comparative figures for the eight-month period ended March 31, 1991.

Kemp, Harvey & Co.

Penticton, B.C.
June 6, 1992

CERTIFIED GENERAL ACCOUNTANTS

OKANAGAN VALLEY TREE FRUIT AUTHORITY

BALANCE SHEET
March 31, 1992

ASSETS

	1992	1991 Note (5)
CURRENT ASSETS		
Cash and investments	$ 1,316,162	$ 703,442
Contributions receivable	12,265,000	—
Miscellaneous accounts receivable	8,237	6,335
Prepaid expenses	8,986	12,115
TOTAL ASSETS	$13,598,385	$ 721,892

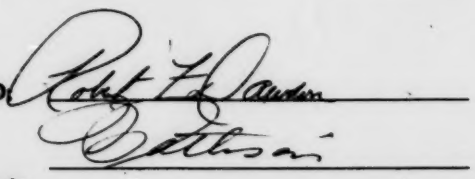
LIABILITIES

CURRENT LIABILITIES		
Accounts payable and accruals	$ 276,736	$ 207,594
Current portion of long-term debt	1,975	—
	278,711	207,594
LONG-TERM DEBT		
Conditional sales contract payable	4,178	—
	282,889	207,594

EQUITY

RETAINED EARNINGS - Statement B		
Appropriated - Note (3)	12,265,000	—
Unappropriated	1,050,496	514,298
	13,315,496	514,298
TOTAL LIABILITIES AND EQUITY	$13,598,385	$ 721,892

APPROVED ON BEHALF OF THE BOARD:



See accompanying notes to financial statements.

STATEMENT B

OKANAGAN VALLEY TREE FRUIT AUTHORITY

STATEMENT OF REVENUE AND EXPENDITURE
For the Year Ended March 31, 1992

	1992 (12 Months)	1991 (8 Months) Note (5)
REVENUE - Note (4)	$ 3,672,033	$ 1,690,799
EXPENDITURE		
Orchard renovation	1,179,284	17,735
Management services and administration	1,043,490	441,703
Stakeholder enhancement	278,502	58,645
Land use	244,502	147,083
Market opportunities	171,362	96,380
Communications	85,700	97,446
Information systems	82,742	317,509
Financial security	50,253	—
	3,135,835	1,176,501
EXCESS OF REVENUE OVER EXPENDITURE BEFORE OTHER INCOME	536,198	514,298
OTHER INCOME - Note (3)	12,265,000	—
EXCESS OF REVENUE OVER EXPENDITURE	12,801,198	514,298
RETAINED EARNINGS, beginning of year	514,298	—
RETAINED EARNINGS, end of year	$13,315,496	$ 514,298

See accompanying notes to financial statements.

STATEMENT C

OKANAGAN VALLEY TREE FRUIT AUTHORITY

STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Year Ended March 31, 1992

	1992 (12 Months)	1991 (8 Months) Note (5)
OPERATIONS		
Excess of revenue over expenditure - Statement B	$ 12,801,198	$ 514,298
Working capital items		
Accounts and contributions receivable	(12,266,902)	(6,335)
Prepaid expenses	3,129	(12,115)
Accounts payable and accruals	69,142	207,594
CASH PROVIDED (USED)	606,567	703,442
FINANCING		
Proceeds from conditional sales contract	6,758	—
Repayment of conditional sales contract	(605)	—
CASH PROVIDED (USED)	6,153	—
INCREASE IN CASH FUNDS	612,720	703,442
CASH FUNDS, beginning of year	703,442	—
CASH FUNDS, end of year	$ 1,316,162	$ 703,442

See accompanying notes to financial statements.

OKANAGAN VALLEY TREE FRUIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
March 31, 1992

Note (1) **Authority and Related Parties**

The Okanagan Valley Tree Fruit Authority Act came into force on August 10, 1990. The mandate of the Authority is to ensure an efficient and co-ordinated approach to the revitalization of the tree fruit industry of the Interior of British Columbia. Unless extended by regulation of the Lieutenant Governor in Council, this Act will be repealed on December 31, 2000. A Memorandum of Understanding between the Authority and the Ministry of Agriculture, Fisheries and Food defines the roles and responsibilities of each organization.

The Authority receives the majority of its revenue from the Ministry, on which it is dependent for the continuance of its operations.

Note (2) **Significant Accounting Policy**

Capital Expenditure

Capital assets are recorded as expenditures in the period of acquisition.

Capital assets purchased and expensed during the year amounted to $76,792 ($366,392 during the eight months ended March 31, 1991).

Note (3) **Retained Earnings and Other Income**

The Ministry of Agriculture, Fisheries and Food of the Province of British Columbia advanced the sum of $12,265,000 to the Okanagan Valley Tree Fruit Authority at the end of the Authority's fiscal year. These funds are to be used for the Sterile Insect Release program, for revitalization of the tree fruit industry and for special assistance to fruit growers. Since none of these expenditures was made prior to the end of the fiscal year, the full amount of the special funding has been appropriated from retained earnings.

... continued ...

Notes continued

Note (4) **Revenue**

Revenue includes the following:

1992 (12 Months)	1991 (8 Months) Note (5)	
$3,587,000	$1,679,534	Contributions - British Columbia Ministry of Agriculture, Fisheries and Food
80,283	11,265	Investment income
4,750	—	Miscellaneous income
$3,672,033	$1,690,799	

Note (5) The comparative figures, which have not been audited, are for the eight-month period ended March 31, 1991.